

1 Michael J. Gearin, WSBA # 20982  
2 David C. Neu, WSBA # 33143  
3 Brian T. Peterson, WSBA # 42088  
4 K&L GATES LLP  
5 925 Fourth Avenue, Suite 2900  
6 Seattle, WA 98104-1158  
7 (206) 623-7580

Honorable Christopher M. Alston  
Chapter 11  
Hearing Location: Seattle, Rm. 7206  
Hearing Date: Friday, April 28, 2017  
Hearing Time: 9:30 a.m.  
Response Date: April 21, 2017

8 UNITED STATES BANKRUPTCY COURT  
9 WESTERN DISTRICT OF WASHINGTON  
10 AT SEATTLE

11 In re:  
12 NORTHWEST TERRITORIAL MINT, LLC,  
13 Debtor.

Case No. 16-11767-CMA

**DECLARATION OF MARK CALVERT  
IN SUPPORT OF MOTION TO APPROVE  
SETTLEMENT WITH RICHARD  
BRESSLER PURSUANT TO  
BANKRUPTCY RULE 9019**

14 I, Mark Calvert, hereby declare as follows:

15 1. I am the Chapter 11 Trustee ("Trustee") of the Debtor, Northwest Territorial Mint,  
16 LLC ("Debtor" or "NWTM"). I submit this declaration in support of Trustee's Motion to Approve  
17 Settlement with Richard Bressler Pursuant to Bankruptcy Rule 9019 (the "Motion"). I am  
18 competent in all ways to testify and unless otherwise stated I make the following statements based  
19 on my personal knowledge.

20 2. On April 1, 2016, the Debtor commenced this case by filing a voluntary petition  
21 under chapter 11 of the United States Bankruptcy Code. At the time of its bankruptcy filing,  
22 NWTM billed itself as the largest private mint in the United States. The Debtor's business is  
23 primarily comprised of (a) the sale of precious metals such as gold, silver, and platinum; and (b) the  
24 custom-minting of medallions, coins, and other awards.

25 3. The Court appointed me as chapter 11 Trustee on April 11, 2016.

DECLARATION OF MARK CALVERT IN  
SUPPORT OF MOTION TO APPROVE  
SETTLEMENT WITH RICHARD BRESSLER - 1

K&L GATES LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WASHINGTON 98104-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

1           4.       Based on my review of the files and records made available to me, and the pleadings  
2 filed in pending litigation against Medallie Art Company LLC (“MACLLC”), Richard Bressler  
3 (“Bressler”) is a member and fifty percent interest holder in MACLLC, a Nevada limited liability  
4 company. Bressler invested three million dollars (\$3,000,000) to acquire his interest in MACLLC in  
5 July of 2009. The remaining fifty percent ownership interest in MACLLC is nominally held by  
6 Ross B. Hansen (“Hansen”) and a corporate affiliate of Hansen, Medallie Art Corporation. Under  
7 the terms of MACLLC’s limited liability company agreement, managerial control over MACLLC is  
8 presently vested in Medallie Art Corporation, which is solely owned and controlled by Hansen.  
9 Bressler has asserted, and I believe, that Bressler made his investment in MACLLC with the  
10 intention of becoming a passive, financial investor only, with no management or operational role,  
11 and for the purpose of realizing a desired rate of return analogous to a capital lease.

12           5.       In August of 2016, MACLLC, under the exclusive control of Hansen, filed a  
13 complaint against the Trustee, commencing Adversary Proceeding No. 16-01196 (the “Medallie  
14 Litigation”) in this Court. I have answered MACLLC’s complaint and asserted counterclaims on  
15 behalf of the bankruptcy estate of NWTM. Among the claims at issue in the Medallie Litigation, is  
16 my claim that MACLLC should be substantively consolidated with the bankruptcy estate of the  
17 Debtor, Northwest Territorial Mint, LLC (“NWTM”), or, alternatively, that MACLLC is the alter  
18 ego of NWTM (collectively, the “Substantive Consolidation Claims”). If the Court orders  
19 substantive consolidation of MACLLC and NWTM, the assets of Medallie and NWTM will be  
20 consolidated into a single pool from which the claims of creditors of both entities will be satisfied.  
21 Substantive consolidation will also have the effect of extinguishing intercompany claims between  
22 MACLLC and NWTM. Bressler is not a party to the Medallie Litigation.

23           6.       The estate’s Substantive Consolidation Claims are premised on the following facts,  
24 among others: MACLLC has no business operations of its own; creditors of MACLLC, including  
25 accountants, lawyers, and regulatory authorities, have been paid by NWTM; MACLLC has no

DECLARATION OF MARK CALVERT IN  
SUPPORT OF MOTION TO APPROVE  
SETTLEMENT WITH RICHARD BRESSLER - 2

K&L GATES LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WASHINGTON 98104-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

1 payroll or independent employees; employees of NWTM performed services on behalf of  
2 MACLLC; there were numerous transfers from NWTM made to or for the benefit of MACLLC;  
3 MACLLC and NWTM were held out to some third parties as a single economic unit; NWTM paid  
4 all operating expenses of MACLLC; and MACLLC asserts the existence of numerous oral  
5 agreements between the parties for which there are no written and signed documentation.

6 7. In the Medallie Litigation, I have also alleged the existence of fraudulent transfers  
7 made to MACLLC, which include more than \$3.3 million worth of direct transfers from NWTM to  
8 or for the benefit MACLLC. In total, Bressler received approximately \$763,000 in distributions on  
9 account of his ownership interest in MACLLC which payments were all ultimately funded by  
10 NWTM. In 2013, NWTM ceased making distributions to MACLLC and MACLLC ceased making  
11 distributions to Bressler on account of his investment.

12 8. Based on my investigation, I believe that without Bressler's knowledge, the Mint  
13 and MACLLC were operated by Hansen prior to the NWTM bankruptcy in a manner which  
14 exhibited attributes of a Ponzi scheme in that orders of bullion customers of the Mint were fulfilled  
15 primarily from later customer deposits, while NWTM made false and misleading statements and  
16 concealed material facts from bullion customers in order to induce them to extend credit to NWTM.  
17 I have also concluded that since at least 2008, NWTM was insolvent.

18 9. I have formulated a plan of reorganization for the consolidated NWTM that is  
19 premised on the continued operations of the substantively consolidated Mint/Medallie to drive  
20 profits that will be distributed to pay the claims of creditors in this case. The chapter 11 plan of  
21 reorganization has been drafted, but not yet filed with the Court. As I have informed the Court  
22 before, resolution of the Substantive Consolidation Claims is highly important to the furtherance of  
23 the estate's interests in achieving confirmation of a plan of reorganization.

24 10. In 2016, I commenced settlement discussions with Bressler but was unable to reach  
25 an acceptable compromise with him at that time. After continued discussions, in early March of

DECLARATION OF MARK CALVERT IN  
SUPPORT OF MOTION TO APPROVE  
SETTLEMENT WITH RICHARD BRESSLER - 3

K&L GATES LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WASHINGTON 98104-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

1 2017, I again entered into settlement negotiations with Bressler related to the Medallie Litigation  
2 and ultimately agreed to the terms of the settlement agreement attached hereto as Exhibit A (the  
3 "Settlement Agreement").

4 11. Under the terms of the Settlement Agreement, Bressler stipulates and agrees not to  
5 oppose the proposed substantive consolidation of MACLLC with the bankruptcy estate of NWTM.  
6 Furthermore, to the extent that Bressler obtains management control over MACLLC, he will cause  
7 MACLLC to stipulate to, and not oppose, the proposed substantive consolidation. If the Court does  
8 not order substantive consolidation, Bressler further stipulates to and agrees not to oppose the  
9 Court's determination that MACLLC is an alter ego of NWTM. To the extent that Bressler obtains  
10 managerial control over MACLLC, he will cause MACLLC to stipulate to and not oppose a  
11 determination that MACLLC is an alter ego of NWTM. In return, if the Court substantively  
12 consolidates NWTM with MACLLC, or finds that NWTM is the alter ego of NWTM, Bressler will  
13 be granted an allowed general unsecured claim in this case in the amount of Three Million Dollars  
14 (\$3,000,000). Bressler will not be entitled to any other claim in the case.

15 12. Under the terms of the Settlement Agreement the bankruptcy estate and Bressler  
16 release all claims against one another. Such mutual releases are conditioned upon (i) the parties'  
17 fulfillment of their obligations under the Settlement Agreement and (ii) the Court's substantive  
18 consolidation of Medallie and NWTM or determination that Medallie is the alter ego of NWTM.

19 13. I believe that the Settlement Agreement is in the best interests of the estate. As  
20 explained in the Motion, Bressler's consent to substantive consolidation contributes heavily in  
21 supporting the estate's claims for substantive consolidation. Bressler's consent to substantive  
22 consolidation will mean that there is no legitimate economic interest holder in MACLLC that  
23  
24  
25

DECLARATION OF MARK CALVERT IN  
SUPPORT OF MOTION TO APPROVE  
SETTLEMENT WITH RICHARD BRESSLER - 4

K&L GATES LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WASHINGTON 98104-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

1 opposes substantive consolidation.<sup>1</sup> Given Bressler's consent, equitable considerations weigh  
2 heavily in favor of the Court granting substantive consolidation.

3 14. While under the Settlement Agreement, Bressler is awarded a Three Million Dollar  
4 general unsecured claim, such claim only becomes allowed in the event that the Court either  
5 substantively consolidates Medallic and NWTM or determines that Medallic is the alter ego of  
6 NWTM. Likewise, the releases of claims afforded Bressler are conditioned upon the Court's order  
7 of substantive consolidation.

8 15. I believe that the Bressler Settlement is fair and reasonable and is in the best interests  
9 of the bankruptcy estate. The Bressler Settlement contributes heavily towards my ability to prevail  
10 on the estate's claims for substantive consolidation and furthers the estate's abilities to reorganize  
11 and emerge from bankruptcy. I respectfully request that the Court approve the Settlement  
12 Agreement.

13 I declare under penalty of perjury under the laws of the United States that the foregoing is  
14 true and correct to the best of my knowledge.

15 EXECUTED this 7th day of April, 2017, at Seattle, Washington.

16  
17 /s/ Mark Calvert  
18 Mark Calvert

19  
20  
21  
22  
23  
24  
25 

---

<sup>1</sup> As described in the Motion, Hansen's interest in MACLLC is nominal because he obtained that interest with assets of NWTM. Hansen's interest in MACLLC is also subject to a charging order obtained by Cohen Asset Management as a result of a defamation judgment against Ross Hansen.

DECLARATION OF MARK CALVERT IN  
SUPPORT OF MOTION TO APPROVE  
SETTLEMENT WITH RICHARD BRESSLER - 5

K&L GATES LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WASHINGTON 98104-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**CERTIFICATE OF SERVICE**

The undersigned declares as follows:

That she is a Sr. Practice Assistant in the law firm of K&L Gates LLP, and on April 7, 2017, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

Also on April 7, 2017, she caused the foregoing document to be placed in the mail to the Parties at the addresses listed below:

Northwest Territorial Mint LLC  
c/o Ross Hansen, Member  
P.O. Box 2148  
Auburn, WA 98071-2148

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on the 7th day of April, 2017 at Seattle, Washington.

  
\_\_\_\_\_  
Benita G. Gould

DECLARATION OF MARK CALVERT IN  
SUPPORT OF MOTION TO APPROVE  
SETTLEMENT WITH RICHARD BRESSLER - 6

K&L GATES LLP  
925 FOURTH AVENUE  
SUITE 2900  
SEATTLE, WASHINGTON 98104-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 623-7022

# EXHIBIT A

A-1

## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into and effective as of this 9th day of March, 2017, upon the terms and conditions set forth below, by and between Mark Calvert as Chapter 11 Trustee for Northwest Territorial Mint, LLC ("Trustee") in bankruptcy case no. 16-11767, United States Bankruptcy Court for the Western District of Washington and Richard Bressler on behalf of himself and his marital community ("Bressler"). The Trustee and Bressler are collectively referred to herein as the "Parties."

### RECITALS

A. On April 1, 2016, Northwest Territorial Mint, LLC (the "Debtor" or the "Mint") filed a chapter 11 voluntary bankruptcy petition, commencing Case No. 16-11767-CMA (the "Bankruptcy Case") in the United States Bankruptcy Court for the Western District of Washington (the "Bankruptcy Court"). On April 11, 2016, the Bankruptcy Court appointed Mark Calvert as chapter 11 Trustee.

B. Bressler is a member and fifty percent interest holder in Medallic Art Company LLC, a Nevada limited liability company ("Medallic"). Bressler invested Three Million Dollars (\$3,000,000) to acquire his interest in Medallic in July, 2009. Bressler's intent in making his investment in Medallic was to become a financial member only, with no management or operational role, for the purpose of realizing a desired rate of return analogous to a capital lease. The remaining fifty percent interest in Medallic is nominally held by Ross Hansen ("Hansen") and a corporate affiliate of Hansen, Medallic Art Corporation. Under the terms of the Medallic Limited Liability Company Agreement, managerial control over Medallic is presently vested in Medallic Art Corporation which is solely owned and controlled by Hansen.

C. Medallic, under the exclusive control of Hansen, filed a complaint against the Trustee under Adversary No. 16-01196, United States Bankruptcy Court for the Western District of Washington (the "Medallic Litigation"). The Trustee has answered and counterclaimed. Among the claims at issue in the Medallic Litigation, is the Trustee's claim that Medallic should be substantively consolidated with the bankruptcy estate of the Mint or alternatively, that Medallic should be deemed an alter ego of the Mint (collectively these claims are the "Substantive Consolidation Claims"). If the Court orders substantive consolidation of Medallic and the Mint, the assets and liabilities of Medallic and the Mint will be consolidated into a single pool to satisfy claims of creditors of both entities and intercompany claims between Medallic and the Mint will be extinguished.

D. In the Medallic Litigation, the Trustee has also alleged the existence of fraudulent transfers to include the more than \$3.3 million in direct transfers from the Mint to Medallic and transfers by the Mint for the benefit of Medallic. Bressler is not a party to the Medallic Litigation. Medallic ceased making distributions to Bressler on account of his investment in 2013.



E. The Trustee asserts that, without Bressler's knowledge, the Mint and Medallic were operated by Hansen prior to the bankruptcy in a manner which exhibited attributes of a Ponzi scheme in that orders of bullion customers of the Mint were fulfilled primarily from later customer deposits while the Mint made false and misleading statements and concealed material facts from bullion customers in order to induce them to extend credit to the Mint.

F. The Trustee has formulated a plan of reorganization for the consolidated Mint which is premised on the continued operations of the substantively consolidated Mint to drive profits which will be distributed to pay the claims of creditors. The plan has been drafted, but not yet filed with the Court and the Court has not yet considered the approval of a disclosure statement for the plan. Resolution of the Substantive Consolidation Claims is important to the furtherance of the estate's interests in achieving confirmation of a plan of reorganization.

G. The parties to this Agreement wish to resolve potential claims and issues between them as reflected by the terms contained below.

#### AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties to this Agreement agree as follows:

1. Recitals. The Recitals set forth above constitute an integral part of this Agreement and the parties hereby affirm the facts set forth therein and agree to the incorporation of the Recitals by this reference with the same force and effect as if set forth herein as agreements of the Parties.

2. Stipulation to Substantive Consolidation. Bressler stipulates to and agrees not to oppose the Trustee's proposed substantive consolidation of Medallic with the bankruptcy estate of the Mint. To the extent that Bressler obtains management control over Medallic, he will cause Medallic to stipulate to and not oppose the Trustee's proposed substantive consolidation of Medallic with the bankruptcy estate of the Mint. If the Court does not order substantive consolidation of Medallic with the bankruptcy estate of the Mint, Bressler stipulates to and agrees not to oppose the Court's determination that Medallic is an alter ego of the Mint. To the extent that Bressler obtains management control over Medallic, he will cause Medallic to stipulate to and not oppose a determination that Medallic is an alter ego of the Mint. Nothing in this Agreement presumes or shall be interpreted to compel Bressler to become the Manager of Medallic.

3. Allowance of Claim. If the Court substantively consolidates the Mint with Medallic, or finds that Medallic is an alter ego of the Mint, Mr. Bressler will be granted an allowed general unsecured claim in the Bankruptcy Case in the amount of Three Million Dollars (\$3,000,000). Other than this Three Million Dollar allowed general unsecured claim, Bressler will not be entitled to any claim or interest in the bankruptcy case.

4. Release of Claims by Trustee against Bressler. Contingent upon the fulfillment by Bressler of his obligations under this Agreement, and the Court's substantive consolidation of Medallic with the bankruptcy estate of the Mint or the Court's finding that Medallic is the alter ego of the Mint, the Trustee, on behalf of the Bankruptcy Estate, its respective agents, affiliates, parents, subsidiaries, officers, directors, shareholders, legal representatives, successors and assigns, shall be deemed to have fully and forever released, compromised and discharged Bressler and his current, former, and future, agents, lawyers, employees, predecessors, successors, assigns, affiliates, and representatives from all actions, claims, demands, damages, debts, losses, liabilities, indebtedness, causes of action (whether at law or in equity) and obligations of whatever kind or nature, whether now known or hereafter discovered, direct or indirect, new or existing, foreseen or unforeseen, by reason of any matter, cause or thing whatsoever occurring on or prior to the date hereof, arising out of or relating to the affairs of Medallic and the Mint.

5. Release of Claims by Bressler. Contingent upon the fulfillment by the Trustee of his obligations under this Agreement on behalf of the Bankruptcy Estate and the Court's substantive consolidation of Medallic with the bankruptcy estate of the Mint or the Court's finding that Medallic is the alter ego of the Mint, Bressler, his respective agents, affiliates, parents, subsidiaries, officers, directors, shareholders, legal representatives, successors and assigns shall be deemed to have fully and forever released, comprised and discharged the Bankruptcy Estate, the Trustee, and the Trustee's current, former, and future, agents, lawyers, employees predecessors, successors, assigns, affiliates, and representatives from all actions, claims, demands, damages, debts, losses, liabilities, indebtedness, causes of action (whether at law or in equity) and obligations of whatever kind or nature, whether now known or hereafter discovered, direct or indirect, new or existing, foreseen or unforeseen, by reason of any matter, cause or thing whatsoever occurring on or prior to the date hereof arising out of or relating to the affairs of Medallic and the Mint, excepting only his allowed \$3 million claim as described in paragraph 3 above.

6. Agreement Subject to Court Approval. This agreement is binding on the parties, subject only to the approval of the Bankruptcy Court. The Trustee agrees to promptly apply to the Court for such approval.

7. Representation. The Parties to this Agreement have had the opportunity to review this Agreement and acknowledge that they fully understand and agree to the contents herein. The Parties have had the opportunity to consult with their own attorneys concerning this Agreement and have not entered into this Agreement under any undue influence. Each of the individuals signing this Agreement specifically represents and warrants that they have authority to bind the parties to this Agreement.

8. Governing Law; Jurisdiction and Venue. This Agreement is entered into in Washington and shall be governed by and construed in accordance with the substantive laws of the State of Washington, without giving effect to conflicts of laws rules. The Parties agree that the Bankruptcy Court for the Western District of Washington shall have

jurisdiction and shall be the sole venue for the determination of any disputes arising out of this Agreement.

9. Successors and Assigns. This Agreement shall inure to the benefit and be binding upon the parties to this Agreement and their successors and assigns.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof. No variations, modifications, or changes herein shall be binding upon any party unless set forth in a document executed by the Parties.

11. Counterparts; Signature Pages. This Agreement may be executed in one or more counterparts, each of which shall constitute an original document but all of which when taken together shall constitute one and the same agreement. Delivery of an executed copy facsimile or email transmission or other means of electronic communication producing a printed copy will be deemed to be an execution and delivery of this Agreement on the date of such communication by the parties so delivering such a copy. Any party so delivering such a copy via electronic communication shall deliver an executed original of this Agreement to the other parties upon request.

12. Headings. The captions or headings provided in this Agreement are for convenience only and shall not be deemed to be a part of this Agreement.

13. Further Assurances. From time to time and without further consideration, the parties hereto shall execute and deliver such other instruments of conveyance, assignment, transfer, delivery, security and take such other action as may be reasonably necessary in order to consummate the transactions contemplated by this Agreement, providing however that any such instruments shall be without warranty.

14. No Waiver. A party does not waive any right under this Agreement by failing to insist on compliance with any of the terms of this Agreement or by failing to exercise any right hereunder. Any waivers granted hereunder are effective only if recorded in a writing signed by the party granting such waiver.

15. Severability. If any provision of this Agreement is determined by any court or governmental authority to be unenforceable, this entire Agreement shall be null and void.

16. Rules of Construction. Each of the Parties and/or counsel for each party have reviewed this Agreement and accordingly the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

17. Cumulative Rights/Construction. The rights and remedies of the Parties

under this Agreement are cumulative, and any party may enforce any of its rights or remedies under this Agreement or other rights and remedies available to it at law or in equity.

MARK CALVERT, CHAPTER 11 TRUSTEE OF THE  
BANKRUPTCY ESTATE OF NORTHWEST TERRITORIAL  
MINT, LLC

By  \_\_\_\_\_

Mark Calvert

Date 3/13/2017

RICHARD BRESSLER

 \_\_\_\_\_

Date 3/9/2017

Settlement Agreement -5